



State of Delaware  
**PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904  
TELEPHONE: (302) 736-7500

### **STAFF MEMORANDUM**

**TO:** The Chairman and Members of the Commission  
**FROM:** Samantha Misner, Public Utility Analyst I  
**DATE:** October 21, 2019  
**SUBJECT:** IN THE MATTER OF THE TARIFF FILING BY CHESAPEAKE UTILITIES CORPORATION FOR A NEW RATE SCHEDULE "MVFF" CALLED TOWN OF MILLVILLE FRANCHISE FEE RIDER (FILED SEPTEMBER 18, 2019) – PSC DOCKET NO. 19-0604

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#### **Application**

On September 18, 2019, Chesapeake Utilities Corporation ("Chesapeake" or "Company") filed an application with the Delaware Public Service Commission ("Commission") seeking approval of a new Rate Schedule called the Town of Millville Franchise Fee Rider ("MVFF"). The application proposed a surcharge to assess the Company's gas customers within the Town of Millville.

The proposed MVFF surcharge of \$0.0100 per 100 cubic feet ("Ccf") of delivered gas is meant to mirror the volumetric franchise fee imposed upon the Company by the Town of Millville under a franchise agreement adopted by the Town of Millville on September 10, 2019.

The Company requested that the Commission waive the sixty (60) day notice requirement for a rate change and consider the tariff changes implementing the MVFF surcharge at a regularly scheduled Commission meeting. The MVFF surcharge will be effective on November 5, 2019, if the MVFF receives approval from the Commission.

#### **Staff's Review**

Staff performed a review of the application and additional supporting documents provided by the Company for accuracy and completeness. Staff and the Company determined that to satisfy the public notice requirements on this matter that the effective date for implementing tariff changes and the MVFF surcharge will be November 5, 2019.

To fully understand the application, Staff set informal discovery seeking the Company to provide the present number of customers served, as well as clarification regarding existing service lines within Millville's city limits.

According to the Company's response to discovery, a typical residential customer in the Town of Millville, using on a monthly annual average basis 700 Ccf, would be billed approximately \$0.58 or approximately \$7.00 annually.

In addition, Staff has reviewed the proposed tariff submitted by Chesapeake in this application. Staff finds the tariff to be consistent with similar natural gas franchise fee riders approved by the Commission, such as the Town of Laurel,<sup>1</sup> Town of Selbyville,<sup>2</sup> Town of Dagsboro,<sup>3</sup> Town of Frederica,<sup>4</sup> Town of Smyrna<sup>5</sup> and the City of Lewes.<sup>6</sup>

Lastly, on October 21, 2019, the Company provided its affidavits of publication regarding this application. At the end of the public comment and intervention period, no person or entity sought to intervene in this process, nor has any member of the public filed comments in protest of this application.

### **Staff Recommendation**

Staff respectfully recommends that the Commission approve Chesapeake's application for the Town of Millville Franchise Fee Rider, Rate Schedule MVFF, with the proposed rate of \$0.0100 per Ccf as a surcharge on delivered gas to the Town of Millville customers. The Company is subject to the conditions that (i) they may not treat this MVFF surcharge as a general expense of the Company and may not impose in any way the surcharge on the other ratepayers of Chesapeake who do not reside within the jurisdiction of the Town of Millville; (ii) that the MVFF surcharge shall be effective for bills rendered on or after November 5, 2019; (iii) that they shall file revised tariffs with the Commission within five (5) business days of the final date of the Commission's Order; and (iv) that they shall identify the surcharge as a separate line item on its bills to their customers within the Town of Millville as "Town of Millville Franchise Fee Rider."

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<sup>1</sup> See PSC Order No. 8867 dated March 22, 2016.

<sup>2</sup> See PSC Order No. 8195 dated August 7, 2012.

<sup>3</sup> See PSC Order No. 8070 dated November 8, 2011.

<sup>4</sup> See PSC Order No. 8697 dated January 6, 2015.

<sup>5</sup> See PSC Order No. 8745 dated June 2, 2015.

<sup>6</sup> See PSC Order No. 8071 dated November 8, 2011.